

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5102
ANSWERED ON:25.08.2000
COMPLAINTS AGAINST STOCK BROKERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have received any complaints against the stock brokers who have not been transferring shares of investor from the pool account for more than 15 days;
- (b) if so, the details thereof;
- (c) whether SEBI has taken any action against those stock-brokers who have been indulging in malpractices/such activities;
- (d) if so, the details of those stock-brokers;
- (e) the action taken against each of those stock-brokers; and
- (f) the steps taken by the Government/SEBI to streamline the functioning of stock-exchanges/stock-brokers?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

(a) to (e): SEBI has intimated that they have not received any specific complaint against stock brokers who have not transferred shares of investors from the pool account for more than 15 days. However, any general issue concerning delay in transferring/dematerialisation of shares is addressed by SEBI. SEBI has further stated that under the depository system, brokers are required to open clearing member pool accounts which are in the nature of transit accounts, to facilitate smooth and efficient settlement of trades by the stock exchanges. Some investors prefer to keep balances in the clearing members' pool accounts to avoid any delay in the flow of instructions to and from the investors' depository participants to the brokers' depository participants and vice-versa. The depositories have adequate systems, safeguards and audit trails of the movements of securities in and out of the pool accounts.

(f): SEBI has intimated that they have been continuously taking several measures to streamline the functioning of stock exchanges/stock brokers and to ensure safety in the capital market. SEBI has constituted committees to examine various issues such as margins, safety of depository system, dematerialisation of securities etc. These committees consist of, other than SEBI officials, representatives of stock exchanges, capital market experts and other market intermediaries. Based on the deliberations/recommendations of the committees, SEBI has taken several steps to strengthen, streamline the procedures and to ensure safety standards for the functioning of market participants.